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SUBJECT: 2002 INTERNATIONAL NARCOTICS CONTROL STRATEGY
REPORT -- BURMA

REF: A. (A) RANGOON 1355

[B.](#) (B) RANGOON 1415

[C.](#) (C) RANGOON 1544

[D.](#) (D) RANGOON 1561

[I.](#) Summary

While Burma is the world's second largest producer of illicit opium, its overall production in 2002 was actually only a fraction of its production in the mid-1990s. According to the joint U.S./Burma opium yield survey, opium production in Burma totaled no more than 630 metric tons in 2001, down more than 26 percent from a year earlier, and less than one-quarter of the 2,560 metric tons produced in Burma in [1996](#).

Over the past several years, the Burmese government has significantly extended its counternarcotics cooperation with other states. In 2001, it signed counternarcotics MOUs with both China and Thailand, and, in both 2001 and 2002, joined with China in joint operations in northern and eastern Shan State which resulted in the destruction of several major drug trafficking rings, including one group which the Chinese called one of the largest "armed drug smuggling groups in the Golden Triangle area." Cooperation with Thailand was interrupted by tensions on the border during the summer of 2002, but has been revived as tensions have eased.

In 2002, Burma also responded to rising international concerns regarding the quality of its anti-money laundering regime by enacting a powerful new money-laundering law that criminalizes money laundering in connection with virtually every type of major criminal activity. The first investigations under this law began in July, resulting in the seizure of several hundred thousand dollars in assets.

Burma is a party to the 1961 UN Single Convention, the 1971 UN Convention on Psychotropic Substances, and the 1988 UN Drug Convention. It has also announced that it will shortly adhere to the 1972 Protocol to the 1961 Single Convention.

II. Status of Country

Burma is the world's second largest producer of illicit opium. However, its overall production in 2001 was actually only a fraction of its production in the mid-1990s. According to the joint U.S./Burma opium yield survey, opium production in Burma totaled no more than 630 metric tons in 2002, down 26 percent from a year earlier, and less than one-quarter of the 2,560 metric tons produced in Burma in [1996](#). Approximately half of this decline reflects a decline in acreage under cultivation (which dropped by more than half to only 78,000 hectares in 2002). The remainder was due to lower yields (now only about 8 kilograms/hectare) throughout Burma.

Burma also plays a role in the regional traffic in amphetamine-type stimulants (ATS). Drug gangs based in the Burma/China and Burma/Thailand border areas annually produce several hundred million methamphetamine tablets for markets in Thailand, China, and other Southeast Asian states on the basis of precursors imported from neighboring states. Burma itself does not have a chemical industry and does not produce any of the precursors for methamphetamine or other artificial drugs. Neither is there any significant market in Burma for ATS.

Burma has a small, but growing drug abuse problem. While the government maintains that there are only about 70,000 registered addicts in Burma, surveys conducted by UNDCP, among others, suggest that the addict population could be as high as 300,000 (i.e., still less than 1 percent of the population), with opium the major source of addiction. There is also a growing HIV/AIDS epidemic, linked in part to intravenous drug use. According to surveys, 57 percent of all intravenous drug users in Burma have tested positive for the HIV/AIDS virus.

Money-laundering is also an area of concern. While international money flows through Burma are small, given the undeveloped state of its banking system and tight government controls on all funds transfers, the Financial Action Task Force in June 2001 placed Burma on its list of non-cooperating territories, because of concerns regarding weaknesses in Burma's anti-money laundering regime. Burma has since responded by enacting a powerful new money laundering law, seizing assets, and preparing prosecutions in several major cases.

III. Country Actions Against Drugs

A. Policy Initiatives

Burma's official counternarcotics plan calls for the eradication of all narcotics production and trafficking over a fifteen year period, starting in 1999. The plan is to proceed by stages, with eradication efforts coupled to alternative development programs in individual townships, predominantly in Shan State. Altogether, 54 townships have been targeted, 25 of which are to be taken on during the first five years of the program.

The government has received very limited international assistance in support of these efforts. The most significant is UNDCP's Wa Alternative Development Project (WADP) which is financed by the United States, Japan and, since 2002, Germany. A five-year, \$12.1 million program, this project encourages alternative development in a small portion of the territory controlled by the United Wa State Army. There is also a small, U.S.-financed project in Northern Shan State (Project Old Soldier) and a Japanese effort to establish buckwheat as a cash crop in the Kokang and Mong Ko regions of northeastern Shan State. In addition, the Thai government agreed in 2001 to extend its own alternative development projects across the border into the Wa-controlled Southern Military Region of Shan State.

B. Accomplishments

Narcotics Seizures: Summary statistics provided by the Burmese police indicate that the Burmese police, army, and the Customs Service together seized approximately 1,631 kilograms of raw opium, 285 kilograms of heroin, and 8.8 million methamphetamine pills during the first ten months of 2002. This compares with seizures of 1,629 kilograms of raw opium, 97 kilograms of heroin, and 32 million methamphetamine pills during all of 2000. Major cases included the following:

-- In cooperation with the United States Drug Enforcement Administration and the Australian Federal Police, Burmese police contributed to the seizure of 357 kilograms of heroin in Fiji in October 2000. Death sentences were eventually handed down in Yangon for two drug kingpins connected with this case.

-- In cooperation with Thailand, Burmese police contributed to the seizure of 116 kilograms of heroin and 7.8 million methamphetamine tablets in February 2002. Two of the principals behind this shipment were also eventually convicted in Yangon and sentenced to "indefinite" (i.e., unending) terms in prison.

-- In cooperation with China, Burmese police have contributed to a series of arrests and seizures throughout 2001 and 2002 all along the Chinese border. Altogether, Burma has turned over 22 fugitives to China, including members of one group (Tan Xiao Lin and company) which China described as the "largest armed drug-trafficking gang in the Golden Triangle."

-- In cooperation with the United States Drug Enforcement Administration and China, Burmese police contributed to the seizure of 12.5 kilograms of heroin in Hong Kong on July 11, 2002. Evidence collected in that case will provide the basis for one of the first prosecutions in Burma under the GOB's new money laundering law.

-- In cooperation with Thailand and the U.S. Drug Enforcement Administration, Burmese police arrested Yang Chia-ho, a Kokang Chinese who is reportedly a confederate of the notorious Wa captain, Wei Hsueh Kang. Yang Chia-ho was taken into custody together with more than 5 million methamphetamine tablets and 41 kilos of heroin in Tachileik, Burma on October 4, 2002.

Arrests and Prosecutions: Over the past fourteen years, the Burmese government has made almost 90,000 arrests on drug-related charges. Of those arrested, 42 were eventually sentenced to death, 37 were given life imprisonment, and an additional 12,500 were given prison terms of more than 10 years. During the first eight months of 2002, Burma has arrested another 4,148 suspects. It has also continued with prosecutions. Altogether, the Burmese government has brought more than 4,000 separate cases against narcotics traffickers

over the past two years; 2,592 of these cases were prosecuted in 2001; 1,475 during the first seven months of 2002. Of these cases, 172 were dismissed for lack of sufficient evidence and 259 defendants were acquitted. The remainder (a total of 3,853 over the full nineteen months) were convicted. Six were given the death penalty; 137 were given "unlimited" sentences; 10 were given life sentences; and 1,927 were given sentences in excess of 10 years. The remainder were given sentences of less than 10 years.

Refineries: The GOB destroyed 14 heroin labs in 2001 and 7 through the first nine months of 2002. It has also destroyed 6 meth labs during the first nine months of 2002.

Precursor Chemicals: In 2002, the Ministry of Health issued notification No. 1/2002 identifying 25 substances as precursor chemicals and prohibiting their import, sale, or use in Burma. Seizures of precursor chemicals during the first nine months of 2002 included 1,220 kilos of ephedrine, 2,908 kilos of acetic anhydride, and 21,552 kilos of other chemicals. In 2001, the totals were 3,922 kilos of ephedrine, 12,318 liters of acetic anhydride, and 174,191 liters of other chemicals.

Eradication: The GOB eradicated more than 50,000 acres of opium poppy over the past two crop years. Of this, 26,113 acres were destroyed during the 2000/01 crop year; 25,862 acres during 2001/02. In addition, the GOB burned 164,000 kilos of poppy seeds capable of seeding more than 40,000 hectares during the six month period between April and October 2002. According to the Burmese government, the destruction of those seeds, together with law enforcement actions is expected to reduce the acreage under opium cultivation by about half in 2003.

1C. Law Enforcement Measures

Drug-enforcement efforts in Burma are led by the Central Committee for Drug Abuse Control (CCDAC), which is comprised of personnel from various security services, including the police, customs, military intelligence, and the army. CCDAC now has 18 drug-enforcement task forces around the country, with most located in major cities and along key transit routes near Burma's borders with China, India, and Thailand. As is the case with most Burmese government entities, CCDAC suffers badly from a lack of adequate resources to support its law-enforcement mission.

The legal framework for Burma's law enforcement efforts is provided by its 1993 Narcotic Drugs and Psychotropic Substances Law. As demanded by the 1988 UN Drug Convention, that law contains legal tools for addressing money laundering, the seizure of drug-related assets, and the prosecution of drug conspiracy cases.

Burma was placed on the Financial Action Task Force's list of non-cooperating territories in June 2001 because of continuing deficiencies in its anti-money laundering regime. In response, the GOB enacted a powerful new money laundering law in 2002 which criminalized money laundering in connection with most major offenses. A Central Control Board chaired by the Minister of Home Affairs was established in July; training for financial investigators was conducted in Rangoon and Mandalay in August and September; the initial investigations were begun in July; and, using the provisions of the law, assets have been frozen and/or seized in several major narcotics-related cases. The first prosecutions under the new law should take place within the next several months. With assistance from UNDCP, the Burmese government is also in the process of drafting a new mutual legal assistance law, which should lay the groundwork for judicial and law enforcement cooperation across borders in the prosecution of money laundering and other cases.

In 2000 and 2001, the Burmese government also launched its first major campaigns against trafficking by former insurgent groups. In November 2000, the GOB took advantage of a mutiny within the Mong Ko Defense Army to seize Mong Ko and put that band and its leader, Mong Sa La, out of the narcotics business. It also sharply stepped up its pressure on the Kokang Chinese, who missed their year 2000 target for establishing an "opium free" zone throughout their self-administered territories. Starting in September 2001, the Burmese joined with the Chinese government in a series of joint operations which resulted in the destruction of heroin factories and meth labs throughout the Kokang Chinese Special Region No. 1 and the arrest of major traffickers.

In 2001, for the first time, the government also established a police and military intelligence presence in the Wa territories. In March, 2002, it demanded that new counternarcotics decrees be issued by the Wa, the Kokang Chinese, and other cease-fire groups. Those decrees outlawed participation in any aspect of the narcotics trade. In April and May 2002, the GOB also demanded and received cooperation from the United Wa State Army in bringing to heel several

major fugitives wanted by China. In addition, it has closed down the liaison offices of armed groups like the United Wa State Army, and of companies associated with those groups in Tachileik, Myawaddy, and other towns on the Thai/Burmese border. Finally, the GOB continued efforts to hold cease-fire groups to their pledges to end opium production in their territories. U Sai Lin's Special Region No. 4 around Mong La has been opium-free since 1997 and the Wa are, thus far, on track to eliminate opium by 2005. The Kokang Chinese missed their opium-free target (scheduled for the year 2000), but have paid a heavy price for that failure in terms of increased attention from both the Burmese and the Chinese police.

In 2001, the GOB also began a crackdown on the array of militias (some government-sponsored Ka Kwe Ye; i.e., village defense forces, and others the remnants of former insurgent bands) that the GOB had previously allowed to cultivate opium in the Kutkai-Lashio region of northern Shan State. According to military intelligence officials, with peace now prevailing in most of the countryside and the government no longer in need of the local security services these groups provided, steps are now being taken to slowly claw back their privileges, including the right to grow and traffic opium.

1D. Corruption

There is no evidence that the Burmese Government is directly involved in the drug trade. However, officials, particularly army and police personnel posted in outlying areas, have been prosecuted for drug abuse and/or narcotics-related corruption. According to the Burmese government, over 200 police officials and 48 Burmese Army personnel have been punished for narcotics-related corruption or drug abuse between 1995 and May 2002. Of the 200 police officers, 130 were imprisoned, 16 were dismissed from the service, 7 were forced to retire, and 47 were demoted.

1E. Agreements and Treaties

Burma is a party to the 1961 UN Single Convention, the 1971 UN Convention on Psychotropic Substances, and the 1988 UN Drug Convention. It has also announced that it will shortly adhere to the 1972 Protocol to the 1961 Single Convention. In addition, is also one of six nations (Burma, Cambodia, China, Laos, Thailand, Vietnam) that are parties to UNDCP's sub-regional action plan for controlling precursor chemicals and reducing illicit narcotics production and trafficking in the highlands of Southeast Asia. The GOB has signed bilateral drug control agreements with India in 1993, with Bangladesh in 1994, with Vietnam in 1995, and with the Russian Federation, Laos, and the Philippines in 1997.

Burma is part of every major multilateral narcotics control program in the region. In November 2001, Burma agreed to contribute to the ACCORD plan of action, which serves as an umbrella for a variety of global programs aimed at strengthening the rule of law, promoting alternative development, and increasing civic awareness of the dangers of drugs. It has also supported the 1993 Memorandum of Understanding that was signed among the six regional states -- Burma, China, Thailand, Laos, Vietnam, and Cambodia -- to control narcotics production in Southeast Asia.

In 2001, Burma signed additional counternarcotics MOUs with China (in January) and Thailand (in June). The MOU with China, in particular, laid down the ground rules for joint operations, which in turn led to a series of arrests and renditions of major traffickers during the spring and summer of 2001 (see below).

Burma's MOU with Thailand commits both countries to closer police cooperation in narcotics control. In August 2001, both countries also agreed to establish joint "narcotics suppression coordination stations" in the Chiang Rai/Tachileik, Mae Sot/Myawaddy, and Ranong/Kawthoung border areas. In addition, during Secretary 1 Khin Nyunt's September visit to Thailand, Thailand also offered 20 million baht (about \$440,000) for the establishment of a new alternative development program in the Southern Military Region of Shan State, which is now occupied by the United Wa State Army.

This nascent counter-narcotics cooperation between Thailand and Burma was interrupted by tensions on the border during the summer of 2002. However, as tensions have eased, cooperation has resumed.

Finally, Burma has continued its operational cooperation with DEA, the Australian Federal Police, and other western and regional police agencies. In April, that cooperation resulted in the arrest of two Burmese citizens who were accused of exporting 357 kilograms of heroin to Fiji (see above). Both have since been tried, convicted, and sentenced to death.

1F. Cultivation and Production

According to the US/Burma Joint Opium Yield Survey, opium production declined in Burma for the sixth straight year in 2002. The survey found that the maximum potential yield for opium in Burma in 2002 totaled only 630 metric tons, down 235 metric tons (or approximately 26 percent) from 2001. Over the past six years, opium production in Burma has declined by more than 75 percent, from an estimated 2,560 metric tons in 1996 to only 630 metric tons in 2002. The area under cultivation has dropped by more than half, from 163,100 hectares in 1996 to approximately 78,000 acres in 2002. Yields have similarly been cut by more than half, from an estimated 17 kilograms per hectare in 1996 to levels (about 8.0 kilograms per hectare in 2001) that are now comparable to those in neighboring states such as Laos.

Results from a UNDCP-sponsored census survey throughout Shan State in 2002 largely corroborated these results. According to UNDCP, Burma produced approximately 828 metric tons of opium on 81,000 hectares of land in 2002.

1G. Drug Flow/Transit

Most ATS and heroin in Burma is produced in small, mobile labs located in the Burma/China and Burma/Thailand border areas, primarily in territories controlled by active or former insurgent groups. A growing amount of methamphetamine is reportedly produced in labs co-located with heroin refineries in areas controlled by the United Wa State Army, the Kokang Chinese, and the Shan State Army - South. Heroin and methamphetamine produced by these groups are trafficked primarily through China, Thailand and, to a lesser extent, Laos, India, Bangladesh, and Burma itself.

Precursors for the trade are primarily produced in India, China, Thailand, and other regional states. Burma does not have a chemical industry and does not produce ephedrine, acetic anhydride, or any of the other chemicals required for the narcotics trade. Similarly, the major markets for all of these narcotic drugs lie in neighboring states. Relatively little is sold in Burma itself.

1H. Demand reduction

The overall level of drug abuse is low in Burma compared with neighboring countries. According to the GOB, there are only about 70,000 "officially registered" drug abusers in Burma. While this is undoubtedly an underestimate, even UNDCP estimates that there may be no more than 300,000 people (still less than 1 percent of the population) who abuse drugs in Burma. Most, particularly among the older generation, use opium, but use of heroin and synthetic drugs is rising, particularly in urban and mining areas.

Burmese demand reduction programs are in part coercive and in part voluntary. Addicts are required to register and can be prosecuted if they fail to register and accept treatment. Altogether, more 21,000 addicts were prosecuted for failing to register between 1994 and April 2002.

Demand reduction programs and facilities are strictly limited, however. There are six major drug treatment centers under the Ministry of Health, 49 other smaller detox centers, and 8 rehabilitation centers which, together, have reportedly provided treatment to about 55,000 addicts over the past 9 years. There are also a variety of narcotics awareness programs conducted through the public school system. According to UNDCP, approximately 1,200 high school teachers participated in seminars, training programs, and workshops connected with these programs in 2001. In addition, the government has established demand reduction programs in cooperation with INGOs. These include programs with CARE Myanmar, World Concern, and Population Services International, all of which focus on injecting drug use as a factor in the spread of HIV/AIDS.

IV. U.S. Policy Initiatives

1A. Policy and Programs

Direct USG counternarcotics assistance to Burma has been suspended since 1988, when the Burmese military suppressed the pro-democracy movement. The USG now engages the Burmese government in regard to narcotics control only on a very limited level. DEA, through the U.S. Embassy in Rangoon, shares drug-related intelligence with the GOB and conducts joint drug-enforcement investigations with Burmese counternarcotics authorities. Other U.S. agencies have conducted opium yield surveys in the mountainous regions of the Shan State in 1993, 1995, 1997, 1998, 1999, 2000, 2001, and 2002 with essential assistance provided by Burmese counterparts. These surveys give both governments an accurate understanding of the scope, magnitude, and changing geographic distribution of Burma's opium crop.

The U.S. Government regularly urges the Burmese government to continue to take steps to curb narcotics production and

trafficking. Specifically, we have encouraged the Burmese government to:

- Comply with the provisions of UN Drug Conventions by taking demonstrable and verifiable actions against high level drug traffickers and their organizations;
- Increase opium eradication and significantly increase seizure rates for opium, heroin, and methamphetamines; control the diversion of precursor chemicals; and destroy significantly more heroin and methamphetamine laboratories;
- Continue cooperation with China and Thailand and expand cooperation to other neighboring countries such as India;
- Enforce existing money laundering laws, including asset forfeiture provisions, and fully implement and enforce Burma's new money laundering legislation;
- Prosecute drug-related corruption, especially corrupt government and military officials who facilitate drug trafficking and money laundering; and
- Expand demand reduction, prevention and drug treatment programs to reduce drug use and control the spread of HIV/AIDS.

B. Bilateral Cooperation

USG counternarcotics cooperation with the Burmese regime is restricted to basic law-enforcement operations. The U.S. provides no bilateral material or training assistance. DEA's liaison with Burmese policy makers and military officials -- conducted mainly through DEA's office in Rangoon -- focuses on providing intelligence on enforcement targets and coordinating investigations of international drug-trafficking groups.

C. The Road Ahead

The Burmese government has committed itself in recent years to effective counternarcotics measures, has found major regional allies (particularly China) in this fight, and has built up the capacity to identify and punish drug traffickers and major trafficking organizations, even within the context of very limited resources. Based on experience in dealing with significant narcotics-trafficking problems elsewhere in the world, the USG recognizes that large-scale and long-term international aid -- including development assistance and law-enforcement aid -- would help curb drug production and trafficking in Burma. However, recurring human rights problems have limited international support of all kinds, including support for Burma's law enforcement efforts. The USG believes that the Government of Burma should continue to combat corruption, enforce its narcotics and money-laundering legislation, and deal with drug abuse. Its efforts have produced measurable results. Continued, they could lead to a sustained reduction in all forms of narcotics production and trafficking from an area that has been one of the world's major drug trafficking centers.

STATISTICAL TABLES 2000	2002	2001
OPIUM - MAXIMUM HARVESTABLE 108,700 CULTIVATION (HECTARES)	77,700	105,150
ERADICATION (ACRES) N/A	25,862	26,113
POTENTIAL OPIUM GUM 1,085 (METRIC TONS)	630	865
SEIZURES OPIUM (METRIC TONS) 1.528	1.631*	1.629
HEROIN (METRIC TONS)	.285* .097	.171
STIMULANT DRUGS 26.7 (MILLION TABLETS)	8.8*	32.0
CANNABIS (Metric Tons)	N/A	.284 .602
HEROIN LABS DESTROYED 23	7**	14
METH LABS DESTROYED	6**	N/A 6
ARRESTS 4,881	4,148***	N/A
HEROIN USERS (Thousands) N/A	N/A	N/A
OPIUM USERS (Thousands) N/A	N/A	N/A

* - during first 10 months of 2002
** - during first 9 months of 2002
*** - during first 8 months of 2002
Martinez